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TO RUEHC/SECSTATE WASHDC PRIORITY 2631  
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RUCPDO/USDOC WASHDC PRIORITY  
RUEATRS/DEPT OF TREASURY WASHINGTON DC PRIORITY  
RUYNAC/COMNAVFORJAPAN YOKOSUKA JA PRIORITY  
RHHMUNA/HQ USPACOM HONOLULU HI PRIORITY  
RHHMHBA/COMPACFLT PEARL HARBOR HI//N541// PRIORITY  
RHMFIUU/HQ PACAF HICKAM AFB HI//CC/PA// PRIORITY  
RUHBANB/OKINAWA FLD OFC US FORCES JAPAN CP BUTLER JA PRIORITY  
RHMFIUU/USFJ PRIORITY  
INFO RUEHFK/AMCONSUL FUKUOKA 6691  
RUEHNH/AMCONSUL NAHA 9083  
RUEHNAG/AMCONSUL NAGOYA 5197  
RUEHKSO/AMCONSUL SAPPORO 7295  
RUEHOK/AMCONSUL OSAKA KOBE 0364  
RUEHBJ/AMEMBASSY BEIJING 2259  
RUEHMO/AMEMBASSY MOSCOW 2171  
RUEHUL/AMEMBASSY SEOUL 8306  
RUCNDT/USMISSION USUN NEW YORK 8876  
RHEHAAA/NSC WASHDC

UNCLAS SECTION 01 OF 02 TOKYO 000717

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STATE FOR I/RF, PA/PR/FPC/W, IIP/G/EA, EAP/PD, R/MR,  
EAP/J, EAP/P, PM;  
USTR FOR PUBLIC AFFAIRS OFFICE;  
TREASURY FOR OASIA/IMI;  
SECDEF FOR OASD/PA;  
CP BUTLER OKINAWA FOR AREA FIELD OFFICE;  
PACOM HONOLULU FOR PUBLIC DIPLOMACY ADVISOR

E.O. 12958: N/A

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SUBJECT: TOKYO MEDIA REACTION - UNREST IN TIBET, U.S.  
ECONOMY, AND IRAQ WAR FIFTH ANNIVERSARY

1. LEAD STORIES: Most Tuesday morning papers led with the GOJ's failure to nominate a new candidate for BOJ governor by Monday, predicting that the post will be vacant for some time after current chief Fukui steps down tomorrow.

2. "Riots Caused by Failure of China's Ethnic Policy" The top-circulation, moderate Yomiuri editorialized (3/18): "Chinese authorities have continued to suppress Tibetan culture by cracking down on anti-government monks and residents severely, allowing Communist Party officials and security forces to enter monasteries, and imposing nationalistic education on local residents.... The Dalai Lama made a concession in the 1990s by withdrawing his demand for Tibetan independence and instead calling for 'high-level autonomy.' Behind-the-scenes negotiations have continued intermittently between China and the Tibetan government in exile. China should take advantage of the unrest in order to make efforts for compromise."

3. "International Monitoring Needed to Learn Full Picture" The conservative Sankei argued (3/18): "The developments in Tibet have been reported extensively around the world. Chinese authorities should stop repeating rote phrases and instead provide straightforward explanations that can convince the international community.... We feel uneasy about a superpower scheduled to host the Olympics describing the chaos as 'organized acts of destruction.'... China only deserves to host the Olympics if it is willing to

accept the Dalai Lama's proposal for an investigation by an international organization."

¶4. "USG Needs to Make Decision" The liberal Mainichi asserted in an editorial (3/18): "Turmoil in the global financial market is becoming more serious, as a major U.S. brokerage firm is on the verge of bankruptcy, prompting a bailout by the federal government. Credit uncertainty may engulf other large financial institutions in the U.S. and Europe.... It is critical for the USG to take appropriate measures in order to avert a financial crisis. It should use public funds to reinforce the capital bases of financial institutions so that they can dispose of nonperforming loans.... There will be no recovery in the real economy until the financial system is normalized. The USG should swiftly put forward specific measures."

¶5. "How to Overcome Grand Folly" The liberal Asahi insisted (3/18): "What is worrisome is that the U.S. will become exhausted if a settlement of the situation in Iraq is delayed. This is not just a matter of military power; U.S. leadership, including economic, diplomatic, and soft power, could be lost around the world. With Japan facing a nuclear threat from North Korea, the decline of the U.S., Japan's only ally, is not desirable. The U.S. must overcome this grand folly and devise a path out of this mess. Debate in the U.S. presidential race is expected to offer an opportunity to that end. The U.S. should first come to terms with its mistake in wrongly identifying the 'enemy' and then discern what the real targets should be."

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SCHIEFFER